

Message Text

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ACTION IO-14

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LONDON FOR AMB DWIGHT PORTER

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TAGS: AORG AFIN IAEA

SUBJ: CURRENCY OF PAYMENT OF IAEA ASSESSED CONTRIBUTIONS

REF: A. IAEA VIENNA 6624; B. IAEA VIENNA 6746

1. SUMMARY: FRG RESREP FAVORS BOARD ACTION IN SEPT TO CHANGE CURRENCY OF PAYMENT OF IAEA ASSESSED CONTRIBUTIONS, AT LEAST FOR YEAR 1974, AND WILL SO RECOMMEND TO BONN. END SUMMARY.

2. ON AUGUST 16, FRG RES REP UNGERER TELEPHONED MISSION AND SUGGESTED IT WOULD BE DESIRABLE FOR US TO GET TOGETHER TO DISCUSS QTE AGENCY BUDGET UNQTE. ACCORDINGLY, MISOFFS CALLED AT FRG MISSION SAME AFTERNOON AND MET WITH UNGERER AND VON ROHR.

3. UNGERER STATED THAT DG EKLUND INFORMED HIM ON AUGUST 10 THAT AGENCY CONSIDERING PROPOSING TO BOARD TWO ALTERNATIVE COURSES OF ACTION DISCUSSED REF A. ALL RESPONSIBLE MEMBES OF AGENCY WOULD AGREE THAT SOMETHING MUST BE DONE THIS SEPTEMBER TO PREVENT APPROVED 1974 PROGRAMS FROM BEING EMASCULATED BY SHORTAGE OF FUNDS. IF ADDITION TO SPECIAL APPROPRIATION FOR 1974

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WERE CHOSEN, AMOUNT (\$3.2 MILLION OVER \$2.1 MILLION ALREADY

APPROVED) WAS SO LARGE IT WOULD BE MAJOR SHOCKS FOR MANY DELS. ADDITION WOULD HAVE TO BE APPROVED BY 17TH GC AND AMENDMENT OF BUDGET (GC(XVII)/505) ALREADY APPROVED AND CIRCULATED WOULD TURN SPOTLIGHT ON FIGURE IN QUESTION AND REASON FOR ITS INSERTION. UNGERER SERIOUSLY FEARED THAT IT WOULD BE OPEN INVITATION TO LDC'S TO REPEAT PERFORMANCE A&B COMMITTEE AND JUNE BOARD BY DEMANDING IMMEDIATE INCREASE IN TARGET FOR VOLUNTARY CONTRIBUTIONS FOR 1974 IN CORRESPONDING AMOUNT, AS PRICE OF APPROVING ITS PASSAGE. IN SUCH EVENT IT NOT LIKELY EVEN THAT DEVELOPED COUNTRIES WOULD MAINTAIN COMMON FRONT ON AGREED FIGURE ON TARGET; BREAK IN DEVELOPED LINES HAD HAPPENED IN OTHER ORGANIZATION REGULARLY AND IN AGENCY IN 1971 ON QUESTION OF TARGET INCREASE.

4. UNGERER SAID CHANGE IN CURRENCY OF PAYMENT, ON OTHER HAND, WOULD CONFINE MATTER WITHIN PRE-GC BOARD, WHICH HAD ADVANTAGE OF PERMITTING CONSIDERATION BEFORE LARGE INFUSION OF LDC'S AFTER 17TH GC ELECTIONS. IT WOULD SETTLE AGENCY'S PROGRAM PROBLEMS FOR 1974 REGARDLESS OF WHAT HAPPENED TO DOLLAR. BEST OF ALL, IT WOULD SETTLE MATTER WITHOUT INVITING LDC'S AT GC TO REBEL. HE APPRECIATED THAT I NOT ESPECIALLY DESIRABLE FOR IAEA TO ATTEMPT TO LEAD WAY IN UN SYSTEM, ESPECIALLY PRIOR TO UNGA DISCUSSION OF MATTER. BUT DEFERRAL OF ACTION THIS SEPTEMBER WAS SIMPLY NOT POSSIBLE IF MEMBERS WANTED TO SAVE 1974 PROGRAM, AND OF OPTIONS FOR ACTION OPEN, INCLUDING TWO OPTIONS WHICH DG SUGGESTED PRESENTING TO BOARD IN SEPTEMBER, HE FELT THAT CHANGE IN CURRENCY OF PAYMENT POSED SMALLEST POTENTIAL PROBLEMS.

5. MISOFFS STRONGLY DISAGREED. FIRST, AS UNGERER HAD OBSERVED, IT WAS NOT DESIRABLE FOR IAEA TO TAKE LEAD ON MATTER AS SENSITIVE AS THIS. AGENCY WOULD HAVE TO GO OUT ON A LIMB, SINCE AS MISOFFS UNDERSTOOD IT, ACC, IN FINAL VERSION OF ITS REPORT ON THIS SUBJECT, HAD BACKPEDALLED FROM RECOMMENDATION OF SUCH A COURSE AND NOW AWAITED ACABQ VIEWS (AND, PRESUMABLY, UNGA DISCUSSION) BEFORE MAKING RECOMMENDATION. AS FRG AWARE, LDC'S COULD BE EXPECTED IN ANY EVENT TO BEGIN BUILDING RECORD AT THIS SEPTEMBER'S BOARD AND GC SESSIONS TO PREPARE FOR BOARD CONSIDERATION OF TARGET INCREASE FOR 1975 NEXT SPRING, AND WHILE TONE OF COMMENTS MIGHT BE FEW DECIBELS HIGHER IF ADDITIONAL APPROPRIATION WAS \$5 MILLION INSTEAD OF \$2 MILLION, THEY WOULD NOT DIFFER SUB-LIMITED OFFICIAL USE

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STANTIALY IN SUBSTANCE. WE DID NOT FEEL IT LIKELY THAT LDC'S COULD MUSTER SUFFICIENT COHERENCE TO INCREASE TARGET AT THIS GC AS PRICE OF APPROVING INCREASED APPROPRIATION. FINALLY, MISOFF VOLUNTEERED STRICTLY PERSONAL SPECULATION NOT FOR PUBLIC DISCUSSION THAT IT MIGHT WELL REFLECT ADVERSELY ON SPECIAL CONSIDERATION GIVEN SO FAR BY US CONGRESS TO SUBSTANTIAL US CONTRIBUTIONS TO IAEA; CONGRESS COULD TAKE DIM VIEW OF AGENCY RESPONDING TO SUCH FAVORED TREATMENT BY MAKING FIRST MAJOR

JUMP AWAY FROM DOLLAR.

6. UNGERER SAID THAT ALTHOUGH US ARGUMENTS HAD SOME WEIGHT, HE NOT CONVINCED AND THAT, WHILE FRG FINANCE MINISTRY, IN FINAL ANALYSIS, MIGHT OPT FOR COURSE PREFERRED BY USG IN VIEW OF CONSIDERATIONS GOVERNING UN FAMILY AS WHOLE, HE PERSONALLY THOUGHT CHANGE IN CURRENCY OF PAYMENT WAS BEST OPTION FOR AGENCY AND WOULD SO RECOMMEND WHEN HE REPORTED OUR CONVERSATION TO BONN.

7. COMMENT: FACT THAT DG EVIDENTLY SPOKE TO FRG ON AUGUST 10, AS WELL AS UK AND FRANCE, UNDERSCORES MISSION'S FEELING REF B THAT IT NOT POSSIBLE ANY LONGER TO SMOTHER THIS ISSUE WITHOUT DISCUSSION. IN ADDITION, MISSION HAS TENTATIVE INDICATIONS THAT DG PROBABLY SPOKE TO SOVIETS AND JAPANESE AS WELL. UNGERER SEEMED QUITE CONVINCED THAT FURTHER ADDITION TO SPECIAL APPROPRIATION WOULD RUN SERIOUS RISK OF LDC REBELLION IN BOARD AND GC, WITH PROBABLE ATTACK ON TARGET FOR 1974. AS HE WILL CHAIR PT&B COMMITTEE AT 17TH GC (WHICH WILL DISCUSS BUDGET AND TARGET FOR 1974, AMONG OTHER ITEMS), HIS VIEWS ON MATTER COULD HAVE GOOD DEAL OF EFFECT BEYOND SIMPLE QUESTION OF FRG ATTITUDE. MISSION WILL CONTINUE EFFORTS TO DISCOURAGE OTHER MEMBERS FROM OPTING FOR PREMATURE CONSIDERATION BY BOARD OF CHANGE IN CURRENCY OF PAYMENT, AS THEIR PERMANENT MISSIONS CONTACT US TO DISCUSS ISSUE. END COMMENT.LABOWITZ

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